



WALPOLE
MASSACHUSETTS

Town Administrator's

2022 Annual Budget Message

James A. Johnson – Town Administrator
February 7, 2022



Introduction

It is once again my honor to present the Town Administrator's Budget Message for Fiscal Year 2023. The Fiscal Year 2023 budget that I present to you is balanced, responsible, manageable and ready for the Finance Committee to review.

Walpole, along with the rest of the country, continues to address a wide range of challenges across all departments, from the continuing COVID-19 pandemic placing stresses on our municipal resources, to heightened demand for quality of life services from residents and stakeholders. Looking forward toward Fiscal Year 2023, we continue to meet our commitment to balance fiscal responsibility while meeting Walpole's priorities for public safety, quality schools, essential services, sound infrastructure, and enriching community programs. The budget that is being presented today continues to allow the Town to grow in a positive direction.

I would be remiss if I did not briefly reflect on the current Fiscal Year 2022 budget. It seems remarkable that Fiscal Year 2022 is now more than halfway over. Perhaps the perceived speed with which our year is passing has much to do with the major events that have occurred these past seven months. These events since last July include the passing of a \$115 million debt exclusion for a new Middle School and formulation of a \$13 million capital budget. They also include the hiring of a new Chief of Police, Water Superintendent, and Building Commissioner, proceeding with the conversion of the Town's streetlights to LED, closing out the Route 1A Athletic Field Complex, investing in our roads and sidewalks, coupled with the political and social conversations that are taking place here in Walpole as well as across the country. In spite of all of these events, our current fiscal year budget appears to be on target and on track. All municipal accounts and revenue sources appear to be sound at this time. As always, the financial team and I will continue to monitor these accounts and address any issues that arise. I would again like to compliment all Walpole town officials for very solid fiscal management during these unprecedented times.

The Select Board, Finance Committee, School Committee and other Town officials will have extensive public discussions regarding the Fiscal Year 2023 budget throughout the next few weeks and months during their budget deliberations. The message I offer you today is one of confidence. The Town's financial management has been strong over the past several years and the outlook for Fiscal Year 2023 invests in quality municipal services and will allow us to continue to grow on our previous successes.



Ongoing Growth in Walpole

Prior to providing an overview of the revenue and expenditures I would like to highlight some of the projects on going in Walpole. Walpole continues to experience ongoing growth in both the municipal and private sector.

Municipal Projects

Over the last 7+ years the Town has undertaken multiple construction projects that have allowed the Town to address the Town's aging infrastructure, including the Center Fire Station, Police Station, Council on Aging building, Vehicle Maintenance garage as well as a new Athletic Field Complex and the Town's Streetlights.

The time has come to address Walpole's school infrastructure needs. This past Fall Walpole residents passed an override vote that will allow the Town to move forward with the construction of a new Middle School. The new facility will be located at the present Bird Middle School site.



Rendering of the Walpole Middle School presently under design development

I would like to recognize and thank the members of the Select Board, School Committee, and School Building Committee, who have been instrumental over the years getting this project to where it is now. Town officials have committed to working with Compass Project Management, Inc. and Tappé Architects throughout 2022 to complete the design and planning for the new building. Construction on the new building is set to begin in 2023 and is slated to open in 2024.



The Master Plan Committee continues to work on updating the Town's Master Plan. It is anticipated updated the plan will be completed by 2023. Once completed it will allow the Town to implement strategies for Town Departments and regulatory boards and seek to investigate and establish goals and strategies for Land Use and Zoning, Housing, Economic Development, Cultural and Historic Resources, Open Space and Recreation, Public Services, Transportation, Sustainability, Climate Change, and Public Health.

Once completed I am confident that an updated Master Plan will enable the Town to establish a blueprint of goals, and action steps to tactically guide the Town's growth over the next 20 years and eventually lead to updating the Town's Zoning Bylaws.

Private Development Projects

Major Commercial and Residential projects are nearing completion in 2022, are ongoing, or are expected to begin soon. The Building Department and Community Development Department remain busy assisting with development in Town. The Building Department issued 2,016 building permits in 2021, compared to 1,757 in 2020 (a 14.74% increase), and 1,463 in 2019 - a 37.79% increase from before the pandemic began. The economy in Walpole is strong.

The following list is a breakdown of some of the major commercial and residential private properties that are taking place in Town:

<u>Pennington Crossing at former Walpole Woodworkers site</u>	<u>Age Qualified Village (55+) at Renmar Avenue/West Street</u>	<u>Hotel (Rte 1 and Rte 27)</u>
186 1 & 2 bedroom AQV condos Buildings 1 & 2 are 100% complete and occupied Construction on Buildings 3 is 60% complete; construction on Building 4 is at 25% complete	105 proposed units approved by the Planning Board; developer currently meeting with the Planning Board Site development underway; developer expects to begin applying for permits in next few months.	ZBA-approved special permit; limited site plan completed Building Permits expected to be pulled mid-2022; Owner has advised that he working to find a flagship hotel for the site
<u>Lincoln Road Subdivision</u>	<u>Burns Ave Comprehensive Permit</u>	<u>Summer St. Comprehensive Permit</u>
"Lincoln Estates" 24 lot subdivision; project denied by the Planning Board; applicant is In process of appealing to land court	48 Burns Ave 40B received its comprehensive permit for 32 units. Project is back before the ZBA seeking a modification to increase its unit count to 40 with an additional point of access along Brook Lane.	268 Unit 1-, 2- and 3-bedroom 40B project proposed approved by the ZBA in 2021. Project includes apartments, townhouses, and single-family dwellings to be constructed on a 50+ acre parcel located off of Summer St. in South Walpole.



Private Developments

<p><u>Dupee St. Comprehensive Permit</u></p> <p>8-unit 40B development, single-family dwellings, on a 53,000 square foot parcel. Project was originally denied by the ZBA and the decision is being appealed.</p>	<p><u>Moosehill Rd Comprehensive Permit</u></p> <p>8 Unit 40B development, Townhouse style dwelling, on a 50,000 square foot parcel ZBA approved the comprehensive permit in the Summer of 2021. Applicant to pull building permit in the near future.</p>	<p><u>Rolls Royce Expansion</u></p> <p>40,000 square foot expansion project completed in late 2021.</p>
<p><u>Gilmores 1015 East St. 150 Unit Local Initiative Program (LIP)</u></p> <p>Currently being proposed. Project proponent has met with municipal staff for discussions on preliminary plans/concept. Town officials have provided the developer with feed Applicant will need approval from Select Board before proceeding with LIP</p>	<p><u>Mixed Use Development 1363 - 1391 Main St.</u></p> <p>Mixed use project is being proposed at the current site of Leo's Pizza. Proposed project would include 18 housing units and ground floor commercial space. ZBA special permit application approved, a one-year extension on permit was received in June of 2021 Planning Board approved Site Plan Review. Building Permit recently applied for and approved</p>	<p><u>Bank of America Location 979 Main St.</u></p> <p>8 residential units and ground floor retail/restaurant has been approved for a mixed-use building. Developer is moving forward with the project. Permit for interior demolition recently approved. Project is ongoing</p>
<p><u>New Car Dealer Building on Rt 1 Bid Cars Facility</u></p> <p>New 5000 SF building. Building is occupied with 208 cars for sale on lot</p>	<p><u>10 Walpole Park South</u></p> <p>Accumentrics a military battery manufacturer has undertaken a 10,000 SF expansion Project is complete and in use</p>	<p><u>925 Main St.</u></p> <p>Ice cream store and a bagel shop opening at the vacant Westbury Farms site.</p>
<p><u>85 West St.</u></p> <p>Thorasio which is one of the largest acquisition groups of amazon businesses is undertaking a 25,000 SF expansion at their facility located at 85 west St. Renovations are 80% complete on 25,000 square foot expansion and 100% complete on the 5000 square foot. fit out</p>	<p><u>127 West St. Gatehouse Kitchens</u></p> <p>Developer built 12 commercial kitchens for lease. Fully opened and 10 kitchens are currently occupied. This project will provide an opportunity for businesses such as catering companies and food trucks to utilize a commercial kitchen and walk-in freezers in order to conduct their food preparations and have a practical and efficient working space</p>	<p><u>Five Below at Walpole Mall</u></p> <p>Demolishing of the space has started Space to be occupied within the next 6 months.</p>
<p><u>173 High Plain Street</u></p> <p>3 story building mixed use residential building with commercial on the 1st floor and a total of ten (10) two-bedroom apartments on 2nd/3rd Applicant has filed with ZBA for special permit and will be filing with Planning Board for Site Plan Review</p>	<p><u>Drycrete Corporate Headquarters (Rte 1)</u></p> <p>Facility is set to include 5 construction bays and office suites for their employees. Recently applied to the Planning Board for Site Plan Review</p>	<p><u>Corner of West St. and Spring St.</u></p> <p>22 unit Live/Work mixed use residential development. Site Plan Review with Planning Board is ongoing Project will be first of its kind within Walpole where tenants will rent both a dwelling unit and professional office space simultaneously</p>



<u>10 Walpole Park South</u> 10,000 SF commercial addition Certificate of occupancy recently approved.	<u>Tesla at 295 Union Street</u> Mechanic and parts. Applied for and received necessary Special Permits from Zoning Board. Approved building modifications and new sewer service has not be installed yet. Existing operations on site continue	<u>New gas station on route 1</u> Project is open and in operation
<u>Solar on South Street Overlay District (Approved by Town Meeting)</u> Filed for Site Plan review with Planning Board. Public Hearing is ongoing	<u>Grand Opening at Sticks & Stones Restaurant 514 High Plain Street</u> Renovations are complete and business is in operation	<u>2150 Route 1 Offices for Medical Equipment</u> Facility has opened and is operation
<u>Aldi Supermarket at Walpole Mall</u> Project 100% complete and was opened on December 16th	<u>New Warehouse Building constructed on 153 Production Rd</u> Project is complete with two out of the three new units being occupied	

Financial Foundation

The proposed Fiscal Year 2023 budget that I present to you this day totals \$108,574,280. This budget does not include proposed override funding, use of reserves or one-time revenues in the balancing process. The budget has been balanced using all available revenues known to us at this time.

Revenue

The primary source of revenue for Walpole is the property tax levy. The total amount anticipated to be raised from the tax levy for Fiscal Year 2023 is \$88,244,299 which utilizes the full limits of Proposition 2 ½ and projects new growth at \$950,000.

In addition to the funds derived from Proposition 2½, local receipts make up just about \$7,931,000 of the FY 23 budget. Some of the major contributing factors to the total local receipts line include:

- Motor Vehicle Excise at \$4,000,000, which has been increased by \$100,000 from the FY 22 projection
- License and Permit fees are budgeted at \$1,100,000 which is an increase of \$180,000 from the FY 22 budget.
- Meals and hotels tax projections have been modestly increased from the FY 22 levels.



Just last week, Governor Baker filed his “House 2” General Appropriations Act proposal for Fiscal Year 2023. Governor Baker’s budget recommends a modest increase to local aid over what Walpole budgeted for Fiscal Year 2022, however this budget still has a long way to go through the legislative process before it becomes law.

Expenses

Each year the Finance team reviews each and every budget request that is submitted and requires department heads to justify each request. The Budget that is being presented for Fiscal Year 2023 includes moderate increases to some of the various departments in Town. The amount requested for appropriation for FY 23 totals \$108,574,280. Areas on the expense side of the budget that I would like to call your attention to include:

Public Works:

Walpole’s Department of Public works continues to actively manage and perform critical community service operations such as road, sidewalk, athletic field, and common grounds maintenance and snow and ice control. The department is also managing bridge and dam inspections as well as the water, sewer, and storm water management infrastructure of the town. The Fiscal Year 2023 budget does not propose any major budgetary changes to the departments that make up the Walpole Public Works. Director Mattson and his skilled team of Superintendents, Department Heads and staff continue to be innovative in the approach they take when it comes to taking on projects in Walpole. Many projects that would typically be contracted out are now performed in house by the staff. Some of these include the construction of new basketball courts at the South Walpole complex, fertilization and aeration of fields, rehabilitation of treatment plant filters at the Delaney Water Treatment Plant and the installation of new sidewalks in some areas of town.

Public Safety:

Walpole’s Police and Fire personnel continue to serve on the front lines. I am grateful for their professionalism and adaptability. Our Firefighters and Police officers continue to support our community by responding to emergency situations with integrity every day. They have cultivated partnerships with other agencies and strengthened our community’s readiness and reliance. The Select Board has focused on providing each department with the staffing and resources to keep our community safe.

The Fire Department finished 2021 with 8030 calls for service, of which 4296 were emergency responses. This represents an increase of 18.5% from the previous year and a 49% increase in emergency responses since 2012.



The Walpole Fire Department Budget will increase by \$281,856. Last year at this time we had 44 total Firefighters funded as part of the Fiscal Year 2022 budget. I am pleased to report that the Fiscal Year 2023 budget fully funds 47 firefighters. This will allow Chief Bailey to staff 4 shifts with 11 Firefighters on each shift in addition to the Lieutenant day position and Deputy Barry and Chief Bailey.

The Walpole Fire Department recently made the necessary arrangements to move forward with ordering two new Fire Engines thanks in part to the efforts of Chief Bailey and Deputy Barry who successfully applied for a grant to replace the Town's 1985 engine.

On the Police side, the Select Board moved forward with finding Chief Carmichael's replacement. After a thorough search the Board voted to appoint Richard Kelleher the 15th Chief of the Walpole Police Department. The Walpole Police Department remains very busy. Over the last year, more than 22,540 incidents were reported and investigated by the department. A significant trend for police in 2021 includes over 600 incidents involving emotionally-disturbed persons or persons experiencing some form of mental health crisis. In addition to incidents, public safety dispatchers logged over 7,865 calls for service, 20,655 computer aided dispatch entries, and fielded 5,855 emergency 911 calls.

The Walpole Police Department Budget will increase by \$430,751. With over 26,000 residents, and 47 current officers, the Walpole Police Department has approximately 1.7 officers per thousand inhabitants. The majority of area communities maintain a range of 1.4 to 2.8 officers per thousand residents. I am pleased to report that the recommended budget fully funds one new police officer position which will bring the total number of sworn officers to 48.

In the face of new legislative changes Chief Kelleher and the Select Board, continue to focus on community policing, police officer training, social services, and supporting ongoing public safety measures in the community.

I commend the Dispatchers, Police Officers and Firefighters for their daily efforts and protection. Walpole is fortunate to have dedicated Public Safety personnel that continue to do an excellent job keeping Walpole safe.

Public Education:

Public education continues to be one of Walpole's top priorities. This year the total public education line is recommended to be \$53,074,153.



The Norfolk County Agricultural High School has advised that County Administrators are considering significantly raising the cost assessed for each student that attends the School; as such the budget that is presented includes a 166% increase from Fiscal Year 2022 to Fiscal Year 2023.

Tri-County School officials have advised that Walpole will likely have a substantial increase to its assessment. As such I have budgeted \$1,520,000 which represents an 8% increase over Fiscal Year 2022.

The recommended budget for the Walpole Public School Department stands at \$51,394,394 which is a 4.64% increase over Fiscal Year 2022.

I continue to be mindful of the increasing demands that all of the educational budgets have requested for Fiscal Year 2023. My concerns are focused primarily on sustainability of continuing to grow the education budget year in and year out at such a large rate. I encourage school officials to begin to develop a long-range plan that does not include such a substantial increase year over year.

Debt Service:

The proposed Fiscal Year 2023 debt budget provides for the payment of principal and interest costs for long-and short-term bonds issued by the Town for General Fund purposes. Walpole currently has a AA+ rating. The Fiscal Year 2023 Debt budget is \$6,662,919, which is approximately \$2,475,000 higher than Fiscal Year 2022, due primarily to funding for the debt exclusion vote for the new middle school that was approved by the Walpole voters in November 2021.

Our debt level is moderate and manageable. We continue to work with Hilltop Securities, our financial advisor to ensure that the Town is capitalizing on the market when it comes to interest rates and borrowing. The Town has recently been able to realize significant savings for our taxpayers when the Select Board took immediate action after the override vote to authorize a \$54+ million borrowing, enabling the Town to take advantage of favorable interest rates. The Select Board's foresight has allowed the Town to be in a strong borrowing position in the future.

This decision has paid off and allowed the Town to garner an interest rate of 2.67% for the next 30 years on this initial borrowing for the Middle School project. This decision is going to have positive long-term impacts on Walpole's borrowing for years to come.



Assessment and Fringe Benefits:

The Assessment and Fringe Benefits portion of the budget which consists of the Other Post-Employment Benefits, Retirement Assessment, Unemployment and Insurance is budgeted at a 12% increase at this time.

The budgeted OPEB contribution is \$500,000 in FY 23. This recommendation maintains our ongoing commitment to funding the Town's OPEB liability. Since 2014 the Town has increased the OPEB account from \$1,072,538 to \$7,638,097. The Town's recent actuarial study estimated Walpole's Unfunded Actuarial Accrued Liability is just over \$53.5 million.

Reserves

We continue to add to our financial reserves and maintain a solid AA+ bond rating for the Town. The resources in the Town's reserves include Free Cash, the Stabilization Fund, and the Town's unassigned fund balance.

The Fiscal Year 2023 budget maintains \$460,000 in the reserve fund. This account which, falls under the jurisdiction of both the Select Board and Finance Committee will allow Town officials to address unforeseen and extraordinary shortfalls if necessary.

Undesignated fund balance, informally known as "Free Cash," was certified at \$9,025,520. The Fall Town Meeting appropriated \$8,525,490 for a variety of items. The following list breaks down the identified uses of free cash:

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| • Fall Town Meeting Capital Appropriations | \$5,514,685 |
| • School Appropriations | \$293,891 |
| • Fall 2021 Stabilization Appropriation | \$1,000,000 |
| • Fall 2021 Capital Stabilization Appropriation | \$1,000,000 |
| • Fall 2021 OPEB Appropriation | \$716,914 |

\$500,000 of the certified Free Cash funds was not appropriated last Fall. The Finance Committee wisely made this recommendation in order to allow the Town to address any potential shortfall that may need to be addressed at the Spring 2022 Town Meeting.

Since 2014 the Town's Stabilization Fund has grown from \$1,827,245 to \$9,775,575. At the Fall 2021 Town Meeting the Town reestablished a Capital Stabilization account which currently has a balance of \$1,040,021.



Throughout my tenure as Town Administrator, I have been proud to work with the Select Board and the Finance Committee to add to the Town's reserves. These reserves provide much needed flexibility as we go out to borrow for some of the larger capital projects and if ever necessary that the day comes where the Town needs to access these reserves in order to bridge potential budget gaps. The identified reserves will continue to allow us to preserve Walpole's long-term financial stability.

Capital Investments/Infrastructure

The Capital Budget requests last Fall exceeded \$14.9 million and Town Meeting voted to fund more than \$13.1 million in requests. I commend the Capital Budget Committee for their efforts overseeing the Capital Budget requests and the Town's long-term capital planning process. Some of the major items that received funding included:

- \$1,350,000 in requests from the Engineering Department for projects such as bridge design, culvert and drainage and traffic signals at the intersection of Short and Polley.
- \$805,000 in building improvement requests
- \$800,000 to convert the Town's street lights to high efficiency LED lights.
- \$332,000 to replace all of the Playground Equipment at the Carolyn Woodard playground.
- \$1,115,000 in funding for School Department Equipment and projects, such as the high school parking lot expansion and new playground equipment in the elementary schools
- Funding for two new fire engines for the Walpole Fire Department which totaled \$1,320,000.
- \$584,000 for Equipment replacement and infrastructure improvements for the Department of Public Works
- \$2,660,999 for Street & Drainage Improvements, which includes sidewalks and town owned parking areas.
- \$3,820,000 in Sewer and Water equipment and improvement projects.

Water and Sewer Enterprise Funds

The Water and Sewer Enterprise funds are self-supporting accounts. The Water & Sewer budgets next fiscal year will show a combined total just over \$11.6 million dollars. The Fiscal Year 2023 Water Enterprise Fund budget is recommended at \$6,056,175. The current Water Retained Earnings balance is \$1,674,967. The recommended Sewer Enterprise budget is \$5,546,880. The current Sewer Retained Earnings balance is \$735,944.



The Sewer and Water Commissioners have yet to set the Fiscal Year 2023 Water and Sewer rates. In the past the Commissioners have used Retained Earnings to keep the Water and Sewer rates artificially low. I am concerned that if this practice continues the Sewer and Water budgets may be negatively impacted. I urge the Select Board and the Finance Committee to work collaboratively with the Commissioners throughout the Fiscal Year 2023 rate setting process to ensure that a responsible rate is set that does not continue to use one-time Enterprise Funds to balance the budgets.

Spring Town Meeting Warrant

At this time there are currently 18 Articles that are set to be considered. Some articles of note include:

- The Fiscal Year 2022 in year budget adjustment
- The Fiscal Year 2023 Budget
- The Fiscal Year 2023 Sewer and Water Budgets
- An article to address any snow and ice deficit that may be encountered.
- An article to address the Stabilization Fund if necessary
- An article to address the OEPB Fund if necessary
- An article that funds Walpole Media Corp in Fiscal Year 2023.

A detailed description of the proposed warrant articles will be available on the Town's website soon.

Conclusion

In conclusion, I leave you with this, the global pandemic has forever changed our way of life and our way of doing business. As a Town, we have led with resilience, steadfast in our commitment to fiscal responsibility and transparency to our citizens. Walpole is an incredible Community. We have driven residents and volunteers who give so much of themselves for the benefit of this Town, and we are motivated to perform and produce at the highest of levels.

The proposed Fiscal Year 2023 budget represents a strong commitment to the people I am fortunate enough to serve. This budget was built with an eye to the future. I am exceedingly proud of our leadership team which consists of the Select Board, Finance Committee, School committee and non-elected Town officials who have worked hard to make decisions that will benefit our community's future.